

Congressman Disappointed in House Failure to Pass Bill

September 29, 2008

Media Contact: Rebecca Dreilinger (202) 225-8203

FOR IMMEDIATE RELEASE

(Washington, D.C.) U.S. Representative Luis V. Gutierrez (D-IL), Chairman of the Subcommittee on Domestic and International Monetary Policy, Trade and Technology, today made the following comments regarding the House of Representative's failure to pass a \$700 billion financial intervention proposal:

"Today, the House voted against final passage of a \$700 billion financial rescue package. This package represented a significant step towards helping our markets recover and protecting the retirement accounts of hard-working Americans. While not surprised, I am disappointed that my colleagues did not join me in taking decisive action to help Americans on Main Street. Congress and the President have some work to do, and I will continue to fight for provisions that protect the assets of hardworking, honest taxpayers. It is my hope that Congress will act quickly to bring this package back to the House floor, and consider the inclusion of bankruptcy modification to further assist homeowners.

Today's bill included provisions that I have taken a stand on and will continue to support, such as strong oversight for any intervention package and equity share for taxpayers in any money advanced to financial firms in exchange for bad mortgages.

Equity for Taxpayers

"I have always demanded that any proposal must allow the taxpayers to have an equity interest in the companies receiving aid. If a company's stock goes up because of the taxpayer-funded bailout, the taxpayers should share in the profits of participating companies. This proposal also ensured that taxpayers would be first in line to recover assets if a company fails. Moreover, the bill required the President five years from now to submit a plan to ensure taxpayers are repaid in full, with Wall Street making up any difference.

Oversight and Accountability

"Treasury's initial plan fundamentally lacked accountability. However, the new House plan required strong, day-to-day oversight by the Comptroller General and established a separate oversight board appointed by bipartisan leaders of Congress, which could overturn Treasury decisions. The board would include the FED and SEC Chairs as well as the Secretary of Housing and the Director of the Federal Home Finance Agency. In addition, the package called for the creation of Office of the Special Inspector General to monitor the Treasury Secretary's decisions to prevent waste, fraud, and abuse. The bill also required posting of transactions online to increase transparency and help jumpstart private sector demand.

Foreign Banks

"The rescue is directed at U.S. banks and does not bailout foreign banks. Throughout negotiations, it has remained important to me that Congress not support using U.S. taxpayer dollars to rescue foreign banks. As Main Street struggles to make ends meet — and Illinois families in particular face unemployment rates of 7.3 percent, among the highest in the nation — American families must be our first priority.

Golden Parachutes

"I was pleased to see that the rescue plan included language to ensure that institutions selling troubled assets must limit incentives and prohibit golden parachutes. For companies publicly

auctioning over \$300 million, there could be no tax deduction for executive compensation over \$500,000, and the bill would penalize golden parachutes for CEOs who are fired or have run the company into the ground.

Protection for Homeowners, Small Business, and Minorities

"I was pleased that this bill included additional provisions that would help prevent home foreclosures and assist Main Street families and businesses:

- The government may purchase troubled assets from pension plans, local governments, and small banks that serve low- and middle-income families;
- The government must implement a plan to mitigate the two million projected foreclosures in the next year, and encourage loan servicers to change the terms of mortgages (i.e. reduce principal or interest rate and lengthen time to pay back the mortgage);
- A provision enacted earlier in this Congress would be extended to stop tax liability on mortgage foreclosures;
- Assistance would be extended to small businesses that need credit by allowing small community banks hurt by the mortgage crisis to deduct losses from investments in Fannie Mae and Freddie Mac stocks.

"Americans should rest assured that, over the past seven days, Congress has worked diligently through each of these provisions, and it will continue to do so. I am disappointed that, in the process, we lost an entire day because Republicans walked away from the table, and Senator McCain placed a rescue plan for his campaign before a rescue plan for American taxpayers. These stall tactics brought about unrest that extended beyond the halls of Congress and deeply troubled the markets.

"I continue to believe that overall, the rescue package represents a significant and necessary step towards helping our markets recover. However, there is still great work to be done to help our economy, and we will have a long road ahead. I will continue to fight for policies that get our economy back on track and prioritize honest taxpayers."

###